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1979 Annual Report

ROB
Rockwell International
of Canada Ltd



**Rockwell
International**

...where science gets down to business



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1979 Annual Report

Rockwell International
of Canada Ltd

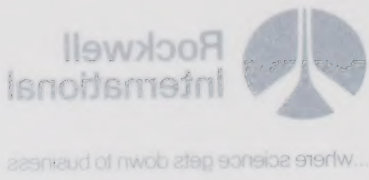


**Rockwell
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1979 Annual Report

Rockwell International
of Canada Ltd



President's Report



Rockwell International of Canada Ltd is pleased to report that fiscal 1979 was a year of record growth. Sales for fiscal 1979, which ended September 30, 1979, rose to an all-time high of \$311.8 million, an increase of 18 per cent over the previous high of \$264.6 million recorded in fiscal 1978.

Net income increased to a record level of \$31.4 million compared to \$27.4 million last year.

Rockwell International of Canada Ltd achieved a new high in exports with sales of \$206.6 million in fiscal 1979. Export sales constituted 66 per cent of total sales.

Fiscal 1979 witnessed a number of developments that assisted our efforts to meet the growing demand for our automotive, consumer, electronic and utility products.

The company's automotive divisions continue to play an important role as a major supplier to North America's automotive manufacturers, especially in the introduction of new products such as seat recliner mechanisms and front-end stabilizer components for the new generation front-wheel-drive passenger vehicles.

The Collins Canada Division also had a record high year in sales and profits. A \$12 million air traffic control communications system providing nine major commercial Canadian airports with total voice communication was developed, built and installed in Canada. Exports included sales of communications equipment and systems to Europe as well as to Argentina, Brazil and Colombia. A number of additional opportunities are being pursued which will utilize the effective balance between the electronic product manufacturing and systems integration capabilities at Collins Canada.

A new Flow Control Division manufacturing facility in Barrie, Ontario, will be fully operational before the end of 1979.

The Municipal and Utility Division, in Guelph, has expanded its manufacturing capabilities with the introduction of a new product line, rubber-coated diaphragms for gas meters.

Our Graphic Systems Division expanded its operations during fiscal 1979 to keep pace with the rapidly developing markets it serves. Major sales included a six-color, sheet-fed offset press; a 50-inch, two-color press; a 40-inch, four-color press; and a 40-inch, two-color press.

Rockwell International of Canada Ltd operates 35 plants and offices, employing approximately 3,200 Canadians, with a total expenditure of approximately \$70 million in salaries, wages and benefits.

An indication of the company's contributions to the Canadian economy is also reflected in the purchase of \$121 million worth of domestic goods and services. In addition, the company incurred \$19.5 million in federal and provincial income taxes.

The company also invested approximately \$8 million during fiscal 1979 on capital expenditures which included property additions and improvements in health, safety and environmental conditions.

The board of directors has been further strengthened by the addition of Arne R. Nielsen, president and chief executive officer of Canadian Superior Oil Ltd., and Robert G. Rogers, chairman of the board of Crown Zellerbach Canada Limited.

On behalf of the board of directors, I wish to extend our sincere appreciation to all our employees, suppliers and customers who have combined to make fiscal 1979 a year of success and growth.

Alonzo B. Kight, President

2

Fiscal Highlights

For the years ended September 30,
1979 and 1978

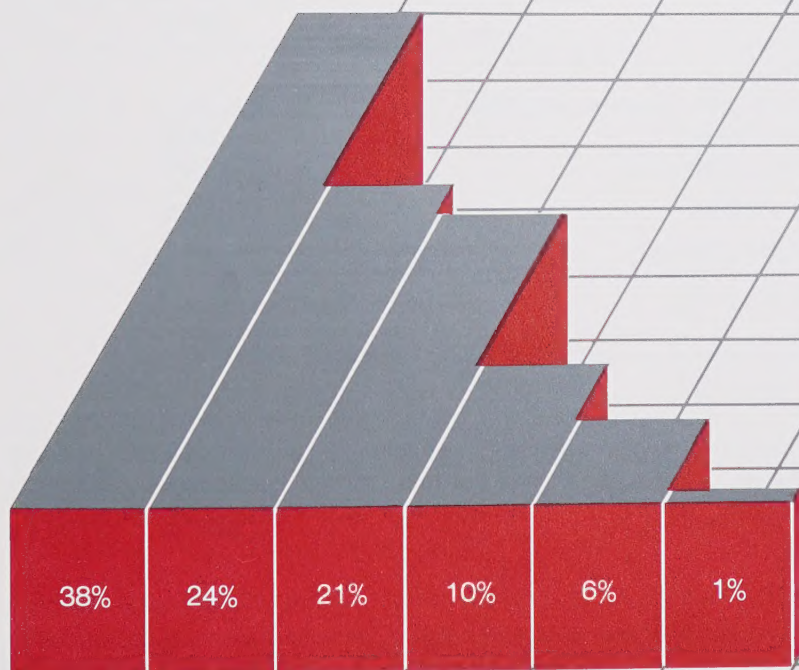
Rockwell International of Canada Ltd

(In millions of dollars except as noted*)

	1979	1978
Sales and other income.....	320.9	271.7
Net income.....	31.4	27.4
Total assets.....	205.7	186.8
Stockholder's equity.....	153.8	138.9
Number of employees.....	3,200*	3,325*

Distribution of 1979 Revenue

Purchase of Goods and Services in Canada 121.1 million	Purchase of Imported Goods and Services 76.6 million	Employee Payroll and Benefits 68.8 million	Net Income 31.4 million	Federal and Provincial Income Taxes 19.5 million	Depreciation of Property, Plant and Equipment 3.5 million
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3

Balance Sheet

as at September 30, 1979 and 1978

Rockwell International of Canada Ltd
(Under the Canada Business Corporations Act)

Assets

(in thousands)	1979	1978
Current Assets		
Cash (substantially all in certificates of deposit)	\$ 91,995	\$ 79,689
Short-term investment—at cost, which approximates market.	12,227	12,491
Receivables:		
Trade—less allowance for doubtful accounts (1979—\$302,000; 1978—\$168,000)	23,189	28,124
Other.	982	1,035
Inventories.	44,356	33,876
Due from affiliated companies.	—	2,512
Prepaid expenses.	987	923
Total current assets.	173,736	158,650
Property—at cost		
Land.	1,013	888
Improvements to land and leaseholds.	1,398	1,160
Buildings.	18,191	15,841
Machinery and equipment.	41,361	35,864
Construction in progress.	3,239	4,221
Total.	65,202	57,974
Less accumulated depreciation.	33,263	30,110
Net property	31,939	27,864
Other assets.	—	283
Total.	\$205,675	\$186,797

Liabilities and Stockholder's Equity

(in thousands)	1979	1978
Current liabilities		
Accounts payable and accrued liabilities.	\$ 31,051	\$ 28,734
Accrued income taxes.	9,398	11,781
Due to affiliated companies.	3,280	—
Total current liabilities.	43,729	40,515
Deferred income taxes.	8,122	7,430
Stockholder's equity		
Share capital:		
Authorized—an unlimited number of shares without par value		
Issued and fully paid—959,990 shares	1,680	1,680
Contributed surplus (no change during either year).	9,988	9,988
Retained earnings.	142,156	127,184
Total stockholder's equity.	153,824	138,852
Approved by the Board: A. R. Nielsen, Director H. Ian Macdonald, Director		
Total.	\$205,675	\$186,797

See notes to financial statements.

4

Statement of Income and Retained Earnings

For the years ended September 30,
1979 and 1978

Rockwell International of Canada Ltd

5

Auditors' Opinion

See notes to financial statements.

(in thousands)	1979	1978
Sales and other income		
Sales.	\$311,824	\$264,598
Interest.	9,125	7,119
Total sales and other income.	320,949	271,717
Costs and expenses		
Cost of sales.	246,056	215,565
Selling, general and administrative.	20,566	17,199
Loss (gain) on foreign exchange.	3,383	(9,086)
Interest.	—	2,016
Total costs and expenses.	270,005	225,694
Income before income taxes.	50,944	46,023
Provision for income taxes.	19,500	18,600
Net income.	31,444	27,423
Retained earnings at beginning of the year.	127,184	104,361
Cash dividends paid.	(15,072)	(4,650)
Provision for refundable taxes.	(1,400)	(1,500)
Recovery of refundable taxes.	—	1,550
Retained earnings at end of the year.	\$142,156	\$127,184

To the Stockholder of
Rockwell International of Canada Ltd:

We have examined the balance sheet of Rockwell International of Canada Ltd as at September 30, 1979 and 1978 and the statements of income and retained earnings and of changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at September 30, 1979 and 1978 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles consistently applied.

Duocite Haskins & Wells

Chartered Accountants

October 22, 1979

6

Statement of Changes in Financial Position

For the years ended September 30,
1979 and 1978

Rockwell International of Canada Ltd

(in thousands)	1979	1978
Resources provided		
From operations:		
Net Income.	\$ 31,444	\$ 27,423
Add items not requiring use of working capital:		
Depreciation.	3,494	2,809
Deferred income taxes.	692	1,826
Loss on sales of property.	46	150
Provided from operations.	35,676	32,208
Decreases in other assets.	283	494
Proceeds from sales of property.	78	156
Refundable taxes.	—	1,550
Total.	36,037	34,408
Resources applied		
Cash dividends paid.	15,072	4,650
Property additions.	7,693	7,523
Refundable taxes.	1,400	1,500
Total.	24,165	13,673
Increase in working capital.	\$ 11,872	\$ 20,735
Changes within working capital		
Increases (decreases) in current assets:		
Cash.	\$ 12,306	\$(41,321)
Short-term investment.	(264)	12,491
Receivables:		
Trade.	(4,935)	(1,848)
Other.	(53)	(1,345)
Inventories.	10,480	3,027
Due from parent company.	—	(977)
Due from affiliated companies.	(2,512)	2,227
Prepaid expenses.	64	185
Increase (decrease) in current assets.	15,086	(27,561)
Increases (decreases) in current liabilities:		
Bank indebtedness.	—	(45,000)
Accounts payable and accrued liabilities.	2,317	1,304
Accrued income taxes.	(2,383)	(3,531)
Due to affiliated companies.	3,280	(1,069)
Increase (decrease) in current liabilities.	3,214	(48,296)
Increase in working capital.	\$ 11,872	\$ 20,735

See notes to financial statements.

7

Notes to Financial Statements

For the years ended September 30, 1979 and 1978

Rockwell International of Canada Ltd

One. Significant accounting policies

Foreign currency translation

Foreign currencies have been translated to Canadian dollars as follows: current assets (other than inventories) and liabilities at the approximate exchange rates at the year ends, inventories at the exchange rates prevailing when produced or acquired; revenues and expenses at the average monthly exchange rates during the years. The company does not have any non-current assets or liabilities denominated in foreign currency.

Inventories

Inventories are stated at the lower of cost (using FIFO method) and market, less progress payments received. Market is determined on the basis of net realizable value for finished goods and work in process and of replacement cost for raw materials.

Depreciation of property

Depreciation is provided principally on a straight-line basis over the estimated useful lives of the respective assets.

Income taxes

Taxes are provided, at appropriate rates, on the basis of items included in the determination of income for financial reporting purposes regardless of the period when such items are reported for tax purposes. Deferred taxes arise from timing differences in the recognition of income and expense for financial and tax reporting purposes. The principal timing difference is depreciation.

Two. Inventories

Inventories at September 30, are summarized as follows (in thousands):

	1979	1978
Finished goods.	\$13,334	\$ 7,618
Work in process.	16,356	16,322
Raw materials.	14,865	14,355
Total.	44,555	38,295
Less progress payments		
from customers.	199	4,419
Inventories.	\$44,356	\$33,876

Three. Retirement plans

The provision for retirement plan costs amounted to \$2,774,000 for 1979 and \$3,035,000 for 1978. The actuarially computed value of vested benefits as of the most recent valuation dates under certain plans exceeded the market value of fund assets and balance sheet accruals by approximately \$8,600,000. The unfunded past service costs of company retirement plans amount to approximately \$13,700,000 at September 30, 1979. These costs will be funded and charged to operations in the period extending through 1994.

Four. Refundable taxes

Under the Income Tax Act, the company is classified as a private corporation and, therefore, certain taxes payable relative to investment income are potentially refundable at the rate of \$1 for each \$4 of taxable dividend paid. There were no taxable dividends paid in 1979. Should the company cease to be classified as a private corporation, the entitlement to refund would be lost. At September 30, 1979 and 1978 refundable taxes amounted to \$2,550,000 and \$1,150,000 respectively.

Five. Canada Business Corporations Act

During the year ended September 30, 1979, the company was granted continuance under the Canada Business Corporations Act.

Six. British Columbia Companies Act

The financial statements of the company have been prepared in accordance with the Canada Business Corporations Act and do not necessarily comply with every provision of Section 196, 199 and 200, or every regulation under Section 198, of the British Columbia Companies Act.

8 Principal Plants, Offices and Products

Rockwell International of Canada Ltd

Automotive Brake Division

Tilbury, Ontario

Plastics Division

Gananoque, Ontario

Toronto, Ontario

Suspension Components Division

Chatham, Ontario

Lacolle, Quebec

Milton, Ontario

Mechanical Devices Division

Bracebridge, Ontario

Ornamentation Division

Parry Sound, Ontario

General Industries

Graphic Systems Division

Don Mills, Ontario •

Montreal, Quebec •

Vancouver, British Columbia •

Flow Control Division

Barrie, Ontario

Calgary, Alberta •

Edmonton, Alberta •

Mississauga, Ontario •

Montreal, Quebec •

Municipal & Utility Division

Calgary, Alberta •

Guelph, Ontario

Montreal, Quebec •

Vancouver, British Columbia •

Power Tool Division

Calgary, Alberta •

Edmonton, Alberta •

Guelph, Ontario

London, Ontario •

Mississauga, Ontario •

Ottawa, Ontario •

Quebec City, Quebec •

St. Laurent, Quebec •

Vancouver, British Columbia •

Winnipeg, Manitoba •

Electronics

Collins Canada Division

Mississauga, Ontario •

Ottawa, Ontario •

Toronto, Ontario

• Indicates non-manufacturing activity.

Principal products

Automotive brake systems; plastic products; tools, dies and moulds; automotive, railroad and industrial springs; mechanical springs; stamped and plated automotive parts and equipment; clamps and couplings; flow measurement and control equipment; printing machinery and related products; consumer and industrial power tools; commercial, military and maritime communication systems.

9 Directors and Principal Officers

Directors

Alonzo B. Kight

President

Rockwell International of Canada Ltd and

Vice President, International

Rockwell International Corporation

Pittsburgh, Pennsylvania

John D. Allan

President

The Steel Company of Canada, Limited

Toronto, Ontario

A. James Harkness

Vice President

Rockwell International of Canada Ltd

Toronto, Ontario

Robert A. Kingston, Q.C.

Partner

Blake, Cassels & Graydon

Toronto, Ontario

Dr. H. Ian Macdonald

President

York University

Toronto, Ontario

Arne R. Nielsen

President & Chief Executive Officer

Canadian Superior Oil Ltd.

Calgary, Alberta

Robert G. Rogers*

Chairman of the Board

Crown Zellerbach Canada Limited

Vancouver, British Columbia

*Elected Nov. 14, 1979

Martin D. Walker

Senior Vice President

Rockwell International Corporation

and

President

Automotive Operations

Rockwell International Corporation

Troy, Michigan

Principal Officers

Alonzo B. Kight

President

A. James Harkness

Vice President

William L. Neely

Vice President and Treasurer

Corporate Offices

1 First Canadian Place,

Box 171, Suite 3110,

Toronto, Ontario

M5X 1G7

Phone (416) 363-9251

Telex 06-523718

Rockwell International of Canada Ltd is a wholly-owned subsidiary of Rockwell International Corporation. Corporate headquarters Pittsburgh, Pennsylvania, U.S.A.

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Rockwell International of Canada Ltd

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Toronto, Ontario
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Milton, Ontario
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Parry Sound, Ontario

General Industries
Graphic Systems Division
Don Mills, Ontario *
Montreal, Quebec *
Vancouver, British Columbia *
Flow Control Division
Barrie, Ontario
Calgary, Alberta *
Edmonton, Alberta *
Mississauga, Ontario *
Montreal, Quebec *
Municipal & Utility Division
Calgary, Alberta *
Guelph, Ontario
Montreal, Quebec *
Vancouver, British Columbia *

Power Tool Division
Calgary, Alberta *
Edmonton, Alberta *
Guelph, Ontario
London, Ontario *
Mississauga, Ontario *
Ottawa, Ontario *
Quebec City, Quebec *
St. Laurent, Quebec *
Vancouver, British Columbia *
Winnipeg, Manitoba *

Electronics
Collins Canada Division
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Toronto, Ontario
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Partner
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Toronto, Ontario
Dr. H. Ian Macdonald
President
York University
Toronto, Ontario
Arne R. Nielsen
President & Chief Executive Officer
Canadian Superior Oil Ltd
Calgary, Alberta
Robert G. Rogers*
Chairman of the Board
Crown Zellerbach Canada Limited
Vancouver, British Columbia
Elected 1978
Martin D. Walker
Senior Vice President
Rockwell International Corporation
and
President
Rockwell International Corporation
Pittsburgh, Pennsylvania

Principal Officers
Alonzo B. Right
President
A. James Harkness
Vice President
William L. Neely
Vice President and Treasurer

Corporate Offices
1 First Canadian Place
Box 171, Suite 3110
Toronto, Ontario
M5X 1G7
Phone (416) 363-6251
Telex 06-523718

Rockwell International of
Canada Ltd is a wholly-owned
subsidiary of Rockwell
International Corporation
Corporate headquarters
Pittsburgh, Pennsylvania, U.S.A.



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